UNITED STATES BANKRUPTCY COURT DISTRICT OF OREGON

In Re	
Davis Properties, LLC	 Case No. 18-34413-tmb11 Notice of Intent to Sell Real or Personal Property, Compensate Real Estate Broker, and/or Pay any Secured Creditor's Fees and Costs; Motion for Authority to Sell Property Free and Clear of Liens; and Notice of Hearing
Debtor(s)) [Note: Do not use to sell personally identifiable) information about individuals.]
debtor, trustee, etc.), intends to the property free and clear of I	avis Properties, LLC , the
	ect of the sale or fees disclosed in paragraph 7 or paragraph 15,
(1) Attend the hearing set	in paragraph 16 below; and
(2) Within 21 days of the	later of the date next to the signature below or the service date

- (2) Within 21 days of the later of the date next to the signature below or the service date in paragraph 17 below, file with the clerk at 1050 SW 6th Ave. #700, Portland OR 97204 or 405 E 8th Ave. #2600, Eugene OR 97401:
 - (a) a written response stating the specific facts upon which the objection is based, and
 - (b) a certificate of service of the response on the movant.

This document shall constitute the notice required by Local Bankruptcy Rule (LBR) 2002-1. All sections must be completed.

- 1. The specific subsections of 11 U.S.C. § 363(f) movant relies upon for authority to sell the property free and clear of liens are:
 - 363(f)(1) and (3)
- 2. Buyer's name & relation to debtor: Watumull Properties Corp. No relation to debtor
- 3. General description of the property: [If real property, state street address here. Also attach legal description as an exhibit to the notice filed with the court.]
 - 461 NE 3rd Avenue, Canby, Clackamas County, Oregon. See attached Exhibit A for legal description.

760.5 (12/1/2018)

	4.	See attached Exhibit A.
	5.	The property may be previewed at: [Include time and place.] N/A
	6.	Other parties to the transaction and their relationship to the debtor are: N/A
7.	The	e gross sales price is: \$ <u>2,000,000</u> .
	\$ <u>an</u>	liens on the property total \$ 1,119,211.38 , of which movant believes a total of by amount not allowed by the Courtneed not be paid as secured claims (because the lien is invalid, pidable, etc., the lienholder consents to less than full payment, or part or all of the derlying debt is not allowable).
	Sec	cured creditor(s) also seek(s) reimbursement of \$\frac{\text{unknown}}{\text{unknown}}\$ for fees and costs.
	Tot	ral sales costs will be: \$\frac{\text{unknown}}{\text{unknown}}.
	pro	tax consequences have been considered and it presently appears the sale will result in net occeeds to the estate after payment of valid liens, fees, costs and taxes of approximately: 80,788.62
8.	Pu 13 Clo	e sale is is is not (mark one) of substantially all of the debtor's assets. Terms and additions of sale: archase Price of \$2,000,000. Due diligence period of 30 days from and after August 2019, Buyer to make a deposit of \$50,000 upon completion of due diligence. Osing to occur on the later of September 20, 2019 or within 10 days of the due igence period having run.
9.	mu	mpeting bids must be submitted to the movant no later thanN/A(date), and st exceed the above offer by at leastN and be on the same or more favorable ms to the estate.
10.	арр	mmary of all available information regarding valuation, including any independent braisals: al estate broker listing price of \$2,275,000.

760.5 (12/1/2018)

11.	If paragraph 7	indicates I	ittle or no	equity for	the estate,	the reason	for the	sale is:
	N/A							

and expenses and taxes resulting from the sale will be paid as follows:

12. (Ch. 11 cases only) The reason for proposing the sale in advance of approval of a plan of reorganization is:

The sale of the property will pay all creditors and administrative expenses in full.

13. The following information relates to lienholders (who are listed in priority order):

Name	Service Address (See FRBP 7004)	Approximate Lien Amount	Indicate Treatment at Closing (i.e. Fully Pd., Partially Pd., or Not Pd.)
Clackamas County	Tami Little, County Assessor 150 Beavercreek Rd. Oregon City, OR 97045	\$82,429.41	Fully Paid
Thomas Young	11504 NE 266th St. Battleground, WA 98604	\$1,036,781.97	Fully Paid

14. Any liens not fully paid at closing shall attach to the sale proceeds in the same order of priority they attach to the property. Any proceeds remaining after paying liens, expenses, taxes, commissions, fees, costs or other charges as provided in this motion, shall be held in trust until the court orders payment.

15. (If real property) The court appointed real estate broker, and T.N. Tolls Company be paid from the sale of the property

Capacity Commercial Group

16. A hearing on this motion and any objections to the sale or fees is scheduled as follows:

Date: <u>09/12/2019</u> Time: <u>11:00 am</u> Location: <u>US Bankruptcy Court,</u> Courtroom #4, 1050 SW Sixth Avenue, Portland, OR 97204

Testimony will be received if offered and admissible. If no timely objection is filed, the hearing may be cancelled, and an order submitted. Parties are encouraged to check the hearing calendar at https://www.orb.uscourts.gov after the objection deadline has passed.

17. I certifythat on <u>08/16/2019</u> this document was served, pursuant to FRBP 7004, on the debtor(s), trustee (if any), U.S. Trustee, each named lienholder at the address listed above, the creditors' committee chairperson (if any), and their attorneys; and [unless movant is a chapter 7 trustee] that it was also sent on that date, pursuant to FRBP 2002(a), to all creditors and all parties as listed in the court's records that were obtained on <u>08/16/2019</u>, a copy of which is attached to the document filed with the court.

760.5 (12/1/2018)

18. For further information, contact: Ava L. Schoen, Tonkon Torp, LLP, 888 SW Fifth Avenue, Suite 1600, Portland, OR 97204

/s/ Ava L. Schoen, Attorney for Debtor Date: <u>08/16/2019</u>

> Signature & Relation to Movant 461 NE 3rd Ave., Canby OR 97013 (-2662)

(If debtor is movant) Debtor's Address & Taxpayer ID#(s)(last 4 digits)

EXHIBIT A LEGAL DESCRIPTION

NOTICE OF INTENT TO SELL REAL OR PERSONAL PROPERTY, COMPENSATE REAL ESTATE BROKER, AND/OR PAY ANY SECURED CREDITOR'S FEES AND COSTS; MOTION FOR AUTHORITY TO SELL PROPERTY FREE AND CLEAR OF LIENS; AND NOTICE OF HEARING

A tract of land situated in the Philander Lee D.L.C. No. 56 in Section 33, Township 3 South, Range I East of the W.M., more particularly described as follows:

Beginning at an old 3/4 inch iron pipe found on the northerly line of the S.P.R.R. Co. right-ofway, which is the southwest comer of a tract of land conveyed to Package Containers, Inc., an Oregon Corporation, by deed (recording Fee No. 70 197) which is North 63E East 266.0 feet and South 26E 58' East 631.48 feet from the southeast intersection of Third and "H" Streets of the H. A. Lee Addition to the City of Canby, Oregon; thence North 26E 58' West 321.48 feet to the most westerly comer of a tract described in deed to Georgia-Pacific Corporation, a Georgia Corporation, recorded September 17, 1985, Fee No 85 32732; thence along the northwesterly line of said Georgia Pacific Corporation Tract North 63E 00' East 178.17 feet to the true point of beginning of the tract to be described; thence Northwesterly 310 feet, more or less, to a point in the southerly line of N.E. Third Avenue which bears North 63E East 60.33 feet along said southerly line from the westerly boundary of a tract of land conveyed to Package Containers, Inc., an Oregon corporation, by deed recorded January 5, 1970, Fee No. 70 197; thence North 63E East along the southerly line of Third Avenue, 170.67 feet to the northwesterly corner of a 25 foot wide tract of land described in deed to Charles A. Tucker, recording Fee No. 71 10210; thence South 26E 58' East along the southwesterly line of said Tucker tract _ 10.0 feet to the Northwesterly line of the aforementioned Georgia-Pacific Corporation tract; thence South 63E 00' West 170.83 feet, to the true point of beginning.

040409/00001/9917014v1

1 2	Direct Dial: 503.802.2013 Fax: 503.972.3713	rney)		
3	E-Mail: albert.kennedy@tonkon.com Ava L. Schoen, OSB No. 044072			
4	Direct Dial: (503) 802-2143 Facsimile: (503) 972-3843			
5	E-Mail: ava.schoen@tonkon.com TONKON TORP LLP			
	888 SW Fifth Avenue, Suite 1600 Portland, OR 97204-2099			
6	,			
7	Attorneys for Debtor			
8				
9				
10	UNITED STATES BAN	KRUPTCY COURT		
11	DISTRICT OF	OREGON		
12	In re	Case No. 18-34413-tmb11		
13	Davis Properties, LLC,	DEBTOR'S MOTION FOR ORDER		
14 15	Debtor.	APPROVING SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES		
16	Davis Properties, LLC, Debtor and	d Debtor-in-Possession ("Debtor"), moves		
17	this Court for an order approving the sale of Debt	tor's real property free and clear of all liens,		
18	claims, interests and encumbrances to Watumull	Properties Corp. ("Watumull") or, to the		
19	extent the sale to Watumull does not close, to an alternative buyer so long as the purchase			
20	price is sufficient to pay all creditors in full.			
21	INTRODU	CTION		
22	1. Debtor filed its voluntary p	petition for relief under Chapter 11 of the		
23	Title 11 of the United States Code ("Bankruptcy	Code") on December 19, 2018 ("Petition		
24	Date").			
25	2. Debtor is currently operati	ng its business and managing its property as		
26	Debtor-in-Possession pursuant to Sections 1107 a	and 1108 of the Bankruptcy Code.		

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1	JURISDICTION
2	3. This Court has subject matter jurisdiction to consider this matter
3	pursuant to 28 U.S.C. §§ 157 and 1334. Venue is properly before this Court pursuant to
4	28 U.S.C. §§ 1408 and 1409.
5	4. The statutory predicates for the relief sought herein include Sections
6	105(a) and 363, and Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure
7	("Bankruptcy Rules") and applicable local rules and administrative orders.
8	BACKGROUND
9	5. Debtor owns real property located at 461 NE 3rd Avenue in Canby,
10	Oregon (the "Property"). Since of the Petition Date, Debtor's intent has been to sell the
11	Property and pay its creditors in full.
12	6. The Property was listed for sale for \$2,275,000.
13	7. On August 8, 2019, Debtor received an offer from Watumull to
14	purchase the Property for \$2,000,000 (the "Purchase Price").
15	8. After due consultation with its advisors, Debtor exercised its business
16	judgment to enter into a purchase and sale agreement with Watumull for the sale of the
17	Property (the "PSA") because the sale is in the best interest of the estate.
18	9. A copy of the PSA is attached hereto as Exhibit A and incorporated
19	herein by reference.
20	REQUESTED RELIEF
21	10. By this Motion, Debtor seeks entry of an order (the "Sale Order"),
22	substantially in the form attached hereto as Exhibit B , authorizing and approving the sale of
23	the Property free and clear of all liens, claims, interests, and encumbrances pursuant to
24	Section 363 of the Bankruptcy Code.
25	
26	

1	THE PROPOSED SALE				
2	11. The principal terms of the PSA are as follows ¹ :				
3	Purchaser:	Watumull Properties Corp.			
4	Purchase Price:	\$2,000,000			
5	Assets to be Acquired:	Real property located at 461 NE 3rd Avenue, Canby, OR.			
6	Assumed Liabilities:	Only those liabilities arising in connection with the closing costs. It is contemplated that these will include (i) one half of the escrow fees charged by the title company; (ii) a prorated portion of			
7					
8		(a) real property taxes for the tax year in which the sale is closed and (b) lease rents and all operating expenses arising from			
9		existing tenancies paid for in the month the sale is closed.			
10	Excluded Liabilities:	All liabilities other than those expressly identified as Assumed Liabilities.			
11	Assumption and	None			
12					
13	12. In addition to the above general sale provisions, the following sale				
14					
15	provisions are disclosed in accordance with applicable local rules and guidelines:				
16	Sale to Insider:	Watumull Properties Corp. is not an insider as defined in Bankruptcy Code Section 101(31).			
17	Agreements With	Watumull Properties Corp. has not entered into any agreement			
18	Insiders or Management:	with an insider of Debtor.			
19	Sale Free and Clear:	The sale will be free and clear of liens and other interests, and the parties with such interests and the nature of those interests are set forth below.			
20					
21	Liens:	The Property is encumbered by a lien asserted by Clackamas County and by Thomas Young. Clackamas County has filed a			
22		proof of claim for a secured claim in the amount of \$82,429.41. Thomas Young has filed a proof of claim for a secured claim in			
23					
24	This summary is provided for the convenience of the Court and interested parties and in				
25	compliance with LBF 363. It is not intended to be a complete summary of the PSA. To the extent there is any conflict between this summary and the PSA, the PSA governs in all				
26	respects.				

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the amount of \$1,036,781.97. 1 Releases and Insider None. Benefits: 3 Private Sale; No An auction is not contemplated because the Purchase Price will Competitive Bidding pay all claims and administrative expenses in full. 4 Closing Deadlines: The sale shall close on (i) the later of September 20, 2019 or 5 within 10 days of the due diligence period having run or (ii) the earliest practicable date after entry of the Sale Order. 6 Good Faith Deposit: \$50,000 to be deposited upon completion of due diligence. 7 Interim Arrangement None. 8 with Proposed Buyer: 9 Use of Proceeds: Proceeds from the sale will be distributed to pay creditors in full. Pursuant to a further order of the court, proceeds from the sale 10 will also be used to pay all administrative expense holders in full. 11 **Record Retention:** After the sale, Debtor will have reasonable access to the books and records as necessary to administer the Chapter 11 case and 12 file final returns as appropriate. 13 Sale of Avoidance The sale does not include the sale of any avoidance claims under Actions: Chapter 5 of the Bankruptcy Code. 14 Requested Findings as to Watumull Properties Corp. shall not be a successor to Debtor and 15 shall have no liability or responsibility for any liability or Successor Liability: obligation of Debtor other than as expressly set forth in the PSA. 16 The sale to Watumull Properties Corp. will not subject Watumull Properties Corp. or its affiliates, successors, or assigns, or their 17 respective properties, to any liability for claims against Debtor or Debtor's Assets. 18 Credit Bidding: The motion does not contemplate credit bidding because the 19 secured creditors will be paid in full from the Purchase Price. 20 Standard for Approval: The motion seeks approval of the proposed sale pursuant to the Debtor's business judgment standard. 21 Relief from Bankruptcy This motion requests relief from Bankruptcy Rule 6004(h) 22 because Debtor and Watumull Properties Corp. seek to close the Rule 6004(h): sale by the later of September 20, 2019 or within 10 days of the 23 due diligence period having run, and because all creditors will be paid in full upon closing. 24 **Solicitation Process:** Notice of the proposed sale will be given to all parties and 25 creditors in interest but additional offers to purchase the Property will not be solicited for the reasons set forth herein. 26

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13. To the extent the proposed sale to Watumull does not close, Debtor seeks authority to sell the property free and clear of liens, claims, and encumbrances pursuant to 11 U.S.C. §(f)(1) and (3) to an alternative buyer so long as the purchase price is sufficient to pay all creditors in full.

BASIS FOR RELIEF REQUESTED

A. SALE OF ASSETS

- 14. Section 363(b)(1) of the Bankruptcy Code provides that Debtor, "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." This provision generally allows a debtor (subject to court approval) to sell property of the estate outside the ordinary course of business where the proposed sale is a sound exercise of debtor's business judgment and when the sale is proposed in good faith and for fair value. *Committee of Equity Security Holders v. Lionel Corporation (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983); *In re Ernst Home Center, Inc.*, 209 B.R. 974, 980 (Bankr. W.D. Wash. 1997). When a debtor articulates a reasonable basis for its business decisions, "courts will generally not entertain objections to the debtor's conduct." *Comm. of Asbestos-Related Litigants v. Johns-Manville Corp.* (*In re Johns-Manville Corp.*), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986).
- 15. The decision to sell the Property has been approved by Debtor's owner and manager given that the sale of the Property will enable Debtor to promptly pay its creditors in full and will generate adequate proceeds to pay Debtor's administrative expenses in full. Debtor has determined that it is in the best interests of Debtor's estate to sell the Property under 11 U.S.C. § 363 to Watumull or, to the extent the sale to Watumull does not close, to an alternate so long as the purchase price is sufficient to pay all creditors in full.
- 16. The PSA was negotiated at arm's length, in good faith, and Debtor believes its terms are fair and reasonable. Watumull is not an "insider" of Debtor.

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B. SALE FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES

- 17. Debtor requests that the Court authorize the sale free and clear of all liens, claims, and encumbrances which may be asserted against the Property, with any such liens, claims, interests, and encumbrances attaching to the proceeds of the sale. Watumull will have no successor liability to any creditor who holds a claim as of the closing date except as specifically stated in the PSA, and all such creditors will be forever enjoined from seeking to enforce or collect any such claim from or against Watumull.
 - 18. Watumull will only buy the Property if it is "free and clear" of liens.
- 19. Holders of liens and interests in the Property will be adequately protected because they will be paid in full from the sale proceeds.

C. NON-APPLICABILITY OF STAY

20. In addition to the other sale-related relief sought herein, Debtor requests that the Court specifically find inapplicable any stays that might otherwise inhibit Debtor's ability to close the proposed transaction for the sale of the Property immediately after the Court enters an order approving the transaction, including, without limitation, those arising under Bankruptcy Rule 6004. Any delay in a closing of the sale would mean substantial potential harm to Debtor, its creditors, and its estate as the terms of the proposed sale require closing on or before the later of September 20, 2019 or 10 days after the due diligence period has run.

NOTICE

21. Debtor proposes to give notice of this Motion and the Sale Hearing as follows: serve a copy of this Motion and the Sale Notice upon (a) counsel for the secured creditors; (b) Watumull; (c) all persons or entities required to be served pursuant to orders of this Court; (d) all parties who have filed requests for notice under Bankruptcy Rule 2002 as of the date of service; (e) all persons or entities who to the knowledge of Debtor hold a lien

1	upon the assets; (f) the Office of the United States Trustee; and (g) all creditors and parties in
2	interest reflected in the mailing matrix on file with the Court.
3	22. Debtor submits that such notice constitutes good and sufficient notice
4	of the Motion, and all proceedings to be held thereon and that no other or further notice need
5	be given.
6	WHEREFORE, Debtor respectfully requests that the Court enter an order
7	(1) approving the sale of the Property to Watumull (or an alternate buyer); (2) approving
8	such sale free and clear of all liens, claims, and encumbrances, with such interests attaching
9	to the sale proceeds; (3) declaring that Watumull (or an alternate buyer) will have no
10	successor liability; (4) declaring all stays, including, without limitation, those arising under
11	Bankruptcy Rule 6004 inapplicable; and (5) such other and further relief as may be just and
12	proper.
13	DATED: August 16, 2019.
14	TONKON TORP LLP
15	
16	By <u>/s/ Ava L. Schoen</u> Albert N. Kennedy, OSB NO. 821429
17 18	Ava L. Schoen, OSB No. 044072 Attorneys for Debtor
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EXHIBIT A

PURCHASE AND SALE AGREEMENT

WATUMULL Properties Corp.

August 8, 2019

Allen Patterson Capacity Commercial Group 805 SW Broadway, Suite 700 Portland, OR 97205

Dear Allen:

Watumuli Properties Corp. or assignee hereby offers to purchase from Seller the property located at 461 NE 3rd Avenue Canby, Oregon.

This offer to Purchase is made on the following terms and conditions:

- 1. Price and Payment: The total Purchase Price shall be Two Million Dollars and no/100 (\$2,000,000.00) which will be paid at closing in cash.
- 2. <u>Escrow</u>: Within seven (7) working days* after Buyer's approval described in Paragraph (8) below, Buyer and Seller shall open escrow with Fidelity Title. Buyer shall deposit into escrow Fifty Thousand Dollars and no/100 (\$50,000.00) in cash, which sum including interest shall be applied toward the Purchase Price at the close of Escrow.
- Closing: Closing shall take place on September 20, 2019 or ten (10) days after Buyers approval in paragraph 8 whichever is later.
- 4. <u>Proration and costs</u>: Real Property Taxes, lease rents and all operating expenses shall be prorated at the close of Escrow. Seller shall pay the cost of any documentary transfer tax; Buyer and Seller shall each pay one-half of the Escrowfee.
- 5. <u>Delivery of Title and Title Insurance</u>: Seller shall deliver a Warranty Deed at the close of Escrow. Seller shall also deliver the Property to Buyer or assignees of Buyer free and clear of liens and encumbrances other than liens for Taxes not yet payable. Seller shall deliver an Alta Survey and extended owner's policy of Title Insurance showing good and marketable title free and clear of any encumbrances unacceptable to Buyer except easements necessary to the operation of the property.

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6. <u>Documentation</u>: Within Five (5) days after acceptance of this offer to Purchase by Seller, Buyer and Seller shall execute a formal Earnest Money Agreement, which embodies the terms and conditions of this letter agreement. This transaction is not contingent upon signing a formal Earnest Money Agreement.

307 Lewers Street, 6" Floor, Honolulu, Hawaii 96815 (808) 971-8800

*All references to "days" to complete any and all tasks referenced herein shall be "calendar days" except for the days found in section 8 paragraph a.

Standard

- 7. <u>Broker's Commission:</u> Buyer acknowledges that he is represented by JLL and Seller is represented by Capacity Commercial Group. Seller shall pay a commission equal to 5% of the sales price at the close of escrow. Sald fee shall be split 50% to JLL, 50% to Capacity Commercial Group.
- 8. <u>Buyer's Approval:</u> Close of Escrow in performance of Buyer are expressly conditioned upon Buyer's approval of each of the following within the specified time period.
- a. Within Thirty (30 business) days after Sellers acceptance herein, Buyer shall complete physical inspections of the Property and notify Seller of Buyer's approval or disapproval.
- Within seven (7) days after Buyer's receipt from Seller of a preliminary title report with copies of all underlying title documents, Buyer shall examine such report and notify Seller of Buyer's approval or disapproval.
- c. Within seven (7) days after receipt from Seller of all relevant operating documents, Buyer shall notify Seller of Buyer's approval or disapproval. Such documents shall include the following copies of leases, engineering reports, contracts, financial statements together with any amendments thereto, copies of any existing notes and trust deeds which encumber the Property, inventory of personal property and copies of plans and specifications and any available tenant financial statements.
- d. Within seven (7) days after Buyer's receipt from Seller of a current hazardous material inspection report prepared by a licensed contractor, Buyer shall notify Seller of Buyer's approval or disapproval.
- e. Within ten (10) days after Buyer's receipt from Seller of an inspection report from a licensed roofing contractor approved in advance by Buyer, discussing the integrity of the existing roofs, Buyer shall notify Seller of Buyer's approval or disapproval. Roofing Inspection to be performed at Buyer's expense.
- Representation, Warranties and Covenants of Seller: Seller hereby represents and warrants to and covenants with Buyer that:
- a. Seller owns the Property free and clear of any and all liens, claims, encumbrances and adverse interests other than as will be shown on the preliminary title report and has full right power and authority to convey Property in accordance with its terms, subject to court approval.
- Seller has complied with all and neither Seller nor Property is in violation of any applicable federal, state or local statues, ordinances orders requirements laws or regulations (including without limitation building, subdivision, zoning and environmental laws) affecting Property.
- c. No notices of violation of any applicable statue, law, ordinance, rule regulation, order or requirement or of any covenant, condition, restriction or easement on the Property have been given and Seller knows of no such violation.
- d. Seller does not have knowledge of (i) any intended public improvement, which may result
 in the creation of any lien upon Property or (ii) any intended or proposed federal, state or

Exhibit A

local statues, ordinances, order requirement, laws or regulations (including, but not limited to, zoning changes or moratoria or eminent domain) which may adversely affect the use or development of the Property or (iii) any suit, action, claim or legal or administrative, arbitration or other pending or to the best knowledge of Seller, threatened or contemplated against or affecting the Property or (iv) that the zoning is not in compliance with existing use.

- e. To the best knowledge of Seller after due and diligent inquiry, Seller has not participated in or approved nor has there occurred any production, disposal or storage on the Property of any hazardous waste or any toxic substance nor does any waste substance exist on the Property or any migration of such waste or substance from or to the adjoining Properties.
- 10. Sellers Acceptance; When this offer is executed by both parties, it will constitute an enforceable agreement on the part of the Buyer and the Seller to transfer the Property described herein, on the terms contained in this letter. The parties will also be obligated to diligently and in good faith prepare and execute the Purchase Contract referred in Paragraph (6). If Buyer or an authorized agent has not signed this counteroffer accepting on behalf of Buyer and delivered a copy to Seller on or before 5:00 P.M. PST August 12, 2019, this offer shall be automatically deemed expired.

ACCEPTED AND AGREED:

Seller: Davis Properties LLC

13 AUGUST 2

ACCEPTED AND AGREED:

Buyer: Waturnull Properties Corp.

EXHIBIT B

PROPOSED FORM OF ORDER

UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re		Case No. 18-34413-tmb11
Davis Properties, LLC,	Debtor.	ORDER GRANTING DEBTOR'S MOTION FOR ORDER APPROVING SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES

THIS MATTER having come before the Court upon Debtor's Motion for Order Approving Sale of Debtor's Assets Free and Clear of Liens, Claims, and Encumbrances; (the "Motion") [ECF No. ____], a hearing having been held before the Court, and the Court being duly advised in the premises and finding good cause; now, therefore;

IT IS HEREBY ORDERED that:

- 1. The Motion is GRANTED;
- 2. Debtor is authorized to sell the real property located at 461 NE 3rd Avenue in Canby, Oregon (the "Property") to Watumull Properties Corp. ("Watumull") for the purchase price of \$2,000,000;
- Page 1 of 3 ORDER GRANTING DEBTOR'S MOTION FOR ORDER APPROVING SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES

Tonkon Torp LLP 888 SW Fifth Ave., Suite 1600 Portland, OR 97204 3. To the extent the sale of the Property to Watumull does not close, Debtor is authorized to sell the Property to an alternate buyer so long as the purchase price is sufficient

to pay all creditors in full;

- 4. The sale of the Property is approved free and clear of all liens, claims, and encumbrances with such interests attaching to the sale proceeds;
- 5. Watumull (or any alternate buyer) will have no successor liability to any creditor who holds a claim as of the closing date except as specifically stated in the Purchase and Sale Agreement between Watumull (or the alternate buyer) and Debtor, and all such creditors will be forever enjoined from seeking to enforce or collect any such claim from or against Watumull (or the alternate buyer);
- 6. Payment of sales costs by the estate is approved as follows: real estate broker may be paid consistent with the terms of the employment order entered on January 30, 2019; additional closing costs may be paid to the extent they are usual and customary for transaction of this type; and
- 7. All stays, including, without limitation, those arising under Bankruptcy Rule 6004 are inapplicable and this Order shall go into effect immediately upon its entry.

###

I certify that I have complied with the requirements of LBR 9021-1(a).

Presented by:

TONKON TORP LLP

By

Albert N. Kennedy, OSB No. 821429 Ava L. Schoen, OSB No. 044072 888 S.W. Fifth Avenue, Suite 1600

Portland, OR 97204-2099 Telephone: 503-221-1440 Facsimile: 503-274-8779

E-mail: al.kennedy@tonkon.com

ava.schoen@tonkon.com

Attorneys for Debtor

List of Interested Parties cc:

LIST OF INTERESTED PARTIES

DEBTOR'S NOTICE OF INTENT TO SELL REAL OR PERSONAL PROPERTY PURSUANT TO 11 USC § 363(F) (LBR 706.5)

In re Davis Properties, LLC
U.S. Bankruptcy Court Case No. 18-34413-tmb11

ECF PARTICIPANTS

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NON-ECF PARTICIPANTS

SECURED CREDITORS

Clackamas County Assessor Tami Little, County Assessor 150 Beavercreek Road Oregon City, OR 97045

Thomas Young 11504 NE 266th Street Battleground, WA 98604

POTENTIAL BUYER & BROKER

Served by First Class Mail

Watumull Properties Corp Attn: J. Watumull, President 307 Lewers St., 6th Floor Honolulu, HI 66815

Tyler J. Shells Jones Lang LaSalle Brokerage Inc. 1120 NW Couch St., Suite 500 Portland, OR 97209 Tyler.shells@am.jll.com Label Matrix for local noticing 0979-3 Case 18-34413-tmb11 District of Oregon Portland Fri Aug 16 10:20:48 PDT 2019

Capacity Commercial Group LLC 805 SW Broadway #700 Portland, OR 97205-3347 Davis Properties, LLC 461 NE 3rd. Ave. Canby, OR 97013-3717

T.N. Tolls Co 3505 Walnut Ln Tillamook, OR 97141-2646 1050 SW 6th Ave. #700 Portland, OR 97204-1160

City of Canby 222 NE 2nd Ave. POB 930

IRS

Canby, OR 97013-0930

Clackamas County Assessment & Tax 150 Beavercreek Rd Oregon City, OR 97045-4302

Clackamas County Assessor POB 6100 Portland, OR 97228-6100

POB 7346 Philadelphia, PA 19101-7346

John Davis 3198 SW Wallula Ave. Gresham, OR 97080-9615 Mighty Mite Industries, Inc. 461 NE 3rd Ave. Canby, OR 97013-3717 ODR Bkcy 955 Center NE #353 Salem, OR 97301-2555

Thomas O. Young 11504 NE 266th St. Battle Ground, WA 98604-6520 Thomas O. Young c/o Noam Amir-Brownstein 17355 SW Boones Ferry Rd., Suite A Lake Oswego, OR 97035-5225 US Trustee, Portland 620 SW Main St #213 Portland, OR 97205-3026

ALBERT N KENNEDY 888 SW 5th Ave #1600 Portland, OR 97204-2030 AVA L SCHOEN 888 SW 5th Ave #1600 Portland, OR 97204-2030 John Davis Manager 3198 SW Wallula Ave Gresham, OR 97080-9615

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u) Thomas O. Young

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Bypassed recipients 1
Total 18